76-L A 67.42:WR 34-86

World Production and Trade

ORIGINAL

United States Department of Agriculture

Foreign Agricultural Service

Washington DC 20250

Weekly Roundup

WR 34-86

Aug. 27, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

EC Coarse Grain Imports May Rise. The European Community's (EC) demand for imported coarse grains may be higher in 1986/87 because of sharply lower corn supplies, particularly in France. The EC 1986 corn crop is forecast 1.6 million metric tons less than last year due primarily to a 1.4-million-ton reduction in the French crop. In recent years, when the EC comprised 10 countries, France annually supplied the other countries with nearly 5 million tons of corn, about 30 percent of their corn consumption. The French shortfall could be covered by non-EC feed grain imports such as U.S. corn or surplus EC feed wheat and barley.

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Grain Harvest in USSR Half Completed. According to the Soviet press, small grains and pulses had been cut on 58.0 million hectares, or 53 percent of the area, as of August 18. Threshing had been carried out on 54.2 million hectares, or 93.4 percent of the area cut. This percentage of threshing is the highest since at least 1982. The area cut is greater than that by comparable dates in 1985 and 1982, but less than in 1983 and 1984. The report noted that rains last week had slowed the harvest pace in the non-black soil zone.

In northern Kazakhstan the spring crop is ripening 7-10 days later than usual because of cool weather. Besides being later than usual, maturity is also reportedly not uniform, and good stands are found side-by-side with ones that are "sparse, stunted and lodged". (The average date of first frost in the northern part of the New Lands is September 11.)

The harvest progress report noted that part of Odessa Oblast in the southern Ukraine delivered to the State roughly twice as much high-quality wheat as called for in the plan. The U.S. agricultural attache in Moscow notes that the situation in Odessa can be attributed potentially to two factors: 1) drought stress tends to produce higher quality wheat, as long as it is not too severe; and 2) the new incentives for delivering high-quality wheat to the State are likely freeing up wheat, and in return farms will receive feed grains and mixed feed, as well as monetary bonuses.

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LYNN K. GOLDSBROUGH, Editor, Tel. (202) 382-9442. Additional copies may be obtained from FAS Media and Public Affairs Branch, 5922-S, Washington, D.C. 20250. Tel. (202) 447-7937.

OILSEEDS AND PRODUCTS

MEXICO Limits Oilseeds and Vegetable Oil Imports. Mexico's Department of Commerce (SECOFI) has decided not to suspend outstanding import permits for oilseeds and products, but will not issue additional permits until after the domestic 1986 soybean crop is purchased by domestic crushers. It appears that imports of Argentine oilseeds under a government-to-government agreement will be exempt. USDA estimates Mexican fiscal year 1986 imports of soybeans at 1.2 million tons, soybean meal at 50,000 tons and soybean oil at 75,000 tons. The Mexican government also recently requested a shift of $12 million in GSM-102 credit from oilseeds into vegetable oil and protein meal to cover outstanding purchases.

DAIRY, LIVESTOCK AND POULTRY

SOVIET Livestock Sector Reports Favorable Results. State and collective farms in the USSR continue to report favorable results for the livestock sector, according to the U.S. agricultural attache in Moscow. January-July meat production is reported to be up 7 percent, with beef and pork each up about 7 percent and poultry meat up 11 percent. Sheep and goat meat production was down about 2 percent for the period. January-July egg production was reported at 34.1 billion eggs, up 6 percent.

Cattle numbers on August 1 were reported at 98.8 million head, 1 percent above 1985. Cow numbers were 29.3 million head, down 1 percent. Hog numbers, at 62.0 million head, were 4 percent above August 1, 1985. Sheep and goat numbers were reported to be 3 percent larger than in 1985. Poultry numbers were reported to have declined 0.5 percent from the August 1985 level.

Despite lower cow numbers, state and collective farms report a 5-percent increase in milk production. Output per cow was reported to be 6 percent above the comparable 1985 period. Much of the productivity increase for milk (and for beef) is due to the favorable winter feed supplies at the start of 1985 and to the good pasture growing conditions that has characterized the spring and summer in some dairy areas.

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BRAZIL Reduces Import Tax on Certain Dairy Products. Brazil's import tax on dry whole milk (minimum fat content of 26 percent) has been reduced from 33 to 10 percent on a quota of 15,000 tons. Furthermore, non-fat dry (NDM) may now enter Brazil with an import tax of 20 percent, down from the previous 33 percent. Certain cheeses and instant whole milk have also been exempted from taxes. Thus far in 1986, the United States has sold 25,000 tons of NDM to Brazil. The reduction of the import tax will favor exports of NDM to Brazil.

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COTTON

SOVIET Cotton Crop Progress Reported. Soviet press reports suggest the cotton crop in the region of Soviet Central Asia may be suffering from a water shortage. Reportedly, the water flow in major rivers and canals is not much more than half the average of recent years. Virtually all Soviet cotton production is irrigated. An assessment of remote sensing imagery by USDA is consistent with this information and indicates that vegetative growth in the affected area is not as vigorous as in previous years. The impact, if any, on yield cannot be determined at this time. USDA's forecast of the Soviet cotton crop stands at 12.0 million bales, slightly below the 1985 level.

COFFEE

Coffee Production in KENYA Revised Upward. Coffee production for the years 1984/85 through 1986/87 in Kenya has been revised upward by the U.S. agricultural attache in Nairobi. The return of favorable weather conditions and increases in grower prices for Kenyan coffee were cited as reasons for the 13-percent increase in the 1986/87 forecast compared to the revised outturn of last season. The following table provides these revisions in 1,000 60-kilogram bags along with the previous estimates.

	---- ESTIMATES ----	
	Previous	Current
1984/85	1,554	1,568
1985/86	1,930	1,960
1986/87 (Forecast)	1,775	2,000

TRADE NOTES

U.S.-EC Eliminate Punitive Tariffs in Accordance With Citrus Agreement. On August 21, the United States and the European Community implemented the first stage of the recently signed citrus agreement by withdrawing their retaliatory actions on pasta, lemons and walnuts. The U.S. duty on pasta with egg dropped from 25 percent, ad valorem equivalent (AVE) to 0.25 percent, and the duty on pasta without egg was lowered from 40 percent to 0.5 percent AVE.

The EC duty on U.S. lemons and walnuts was cut to 8 percent from 20 percent and 30 percent, respectively. Although the removal of these punitive tariffs could be accomplished without legislative action, the other tariff cuts called for in the agreement must be approved both by Congress and the EC Council.

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MEXICO Abolishes Prohibited Import List. On August 14, Mexico abolished the list of prohibited imports, a list of 311 products, including cheese, common nuts, apples, pears and certain beef offals. These imports now require prior import permits from Mexico's Department of Commerce (SECOFI), which will grant the licenses based on domestic supplies, available foreign exchange and other criteria.

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WOOD AND WOOD PRODUCTS

DOMINICAN REPUBLIC To Import Softwood Lumber from Honduras. The Dominican Republic will import 7 million board feet of softwood lumber from Honduras in late August or early September 1986, according to the U.S. agricultural attache in Santo Domingo. This represents the first sale of Honduran lumber in this market in the past three to four years. Although the local trade has become accustomed to U.S. and Chilean lumber, the sale price at U.S.$135 per thousand board feet was too good to pass up. U.S. southern pine lumber currently sells for approximately U.S.$250 per thousand board feet.

The recent purchase from Honduras is not expected to represent a long-term trend. However, the quantity of lumber in this transaction represents approximately 30 to 35 percent of U.S. shipments to the Dominican Republic annually. As a result, U.S. exports to the Dominican Republic are projected to decline during the remainder of 1986. In past years, the Dominican Republic has restricted imports of lumber from Honduras because this product was suspected of being a carrier of a coffee rust.

During the past two years, the Honduran government agency in charge of forestry operations, COHDEFOR, has been building inventories of certain dimensions and grades of softwood lumber. Honduras could not sell this material because of more competitively priced and higher quality southern pine in Caribbean markets. The sale to the Dominican Republic is expected to be a one-time deal, used to eliminate large carryover stocks. U.S. exports to the Dominican Republic are as follows in $1,000 (f.a.s. port of export):

	1985	1986
Softwood lumber	8,993	4,207
Hardwood lumber	644	747
Softwood plywood	611	557
All other products	3,016	1,188
Total	13,264	6,699

Source: U.S. Department of Commerce.

CREDIT NOTES

CCC Authorizes Intermediate Credit Guarantees for EL SALVADOR. On August 20, the Commodity Credit Corporation (CCC), under its new Intermediate Export Credit Guarantee Program (GSM-103), made available $3.0 million in guarantees for sales of U.S. breeding livestock (cattle, swine, sheep, goats and horses) to El Salvador. The credit terms extended for export sales made under the GSM-103 program must be in excess of three years, but not more than seven, to be eligible for coverage. All sales under the line must be registered by Sept. 30, 1986, and shipments completed by Dec. 31, 1986.

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DOMINICAN REPUBLIC Signs $30-Million P.L. 480, Title I Agreement. The Dominican Republic signed its fiscal year 1986 title I agreement for wheat, rice and vegetable oil on August 18, two days after installation of the new Balaguer government. Because of the late signing date, USDA extended the delivery period until Jan. 31, 1987. The Dominican Republic plans to ship up to $21 million in commodities by September 30.

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GSM-103 Guarantees Approved for Hungary. On August 20, the CCC made $20 million in GSM-103 guarantees available for sales of U.S. protein meals (soybean, cottonseed and sunflowerseed) to Hungary. The credit terms extended for sales made under the GSM-103 program must be in excess of three years, but not more than seven, to be eligible for coverage.

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Purchase Authorization to SIERRA LEONE Amended. On August 20, the P.L. 480, Title I purchase authorization to Sierra Leone for rice was amended to add $4 million.

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USDA Approves Section 416 Program for TUNISIA. During the week ending August 22, USDA approved a $12-million Section 416 program for Tunisia providing wheat for either fiscal 1986 or 1987.

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Food for Progress Agreement Signed with MADAGASCAR. On August 13, USDA signed a Food for Progres agreement with Madagascar for 30,000 tons of rice.

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USDA Accepts EEP Bid for Dairy Cattle to MOROCCO. On August 22, the CCC accepted a bid for an export bonus to cover the sale of 150 head of dairy cattle to Morocco uuder the Export Enhancement Program (EEP) initiative announced last spring.

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USDA Accepts EEP Bid for Barley to SAUDI ARABIA. On August 20, the CCC accepted bids for an export bonus to cover the sale of 250,000 tons of barley to Saudi Arabia under the Export Enhancement Program initiative announced earlier this month.

EXPORT SALES

Sales of U.S. wheat, corn, grain sorghum and soybeans for the week ending August 14 totaled 1.9 million tons. Rice sales dropped, but remained strong. Cotton continued in the 200,000 running bale range. In addition, daily sales reported during the week ending August 21 amounted to 305,700 tons of corn to unknown destinations and the cancellation of 100,000 tons of corn to the German Democratic Republic.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Aug. 27, 1986, was as follows in metric tons:

	ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
44.	Cyprus Barley	Aug. 26, '86	150,000
43.	Canary Islands Wheat	Aug. 8, '86	100,000
42.	Eygpt Semolina	Aug. 6, '86	30,000
41.	USSR Wheat	Aug. 1, '86	4 million
40.	Canary Is. Dairy Cattle	July 28, '86	3,000 head
39.	Hong Kong Table Eggs	July 28, '86	44 million
38.	Senegal Wheat	July 17, '86	100,000
37.	India Vegetable Oil	July 8, '86	25,000
36.	Jordan Barley	June 17, '86	60,000
35.	Israel Barley	June 17, '86	200,000 Sold 5,200
34.	Tunisia Dairy Cattle	May 29, '86	4,000 head
33.	Algeria Dairy Cattle	May 29, '86	5,000 head
32.	Sri Lanka Wheat	May 16, '86	125,000 Sold 50,000
31.	Saudia Arabia Barley	May 7, '86	500,000 COMPLETE
		Aug. 6, '86	250,000 COMPLETE
30.	Algeria Barley	Apr 17, '86	500,000
29.	Morocco Dairy Cattle	Apr 16, '86	4,000 head
28.	Turkey Dairy Cattle	Apr 16, '86	5,000 head
27.	Egypt Dairy Cattle	Apr 16, '86	6,000 head
26.	Yemen Poultry Feed	Apr 14, '86	150,000
25.	Yugoslavia Wheat	Apr 10, '86	200,000 COMPLETE
		June 24, '86	200,000 Sold 120,000
24.	Indonesia Dairy Cattle	Apr 9, '86	7,500 head
23.	Syria Wheat	Apr 8, '86	700,000
22.	Benin Wheat	Apr 7, '86	45,000 Sold 20,000
21.	Algeria Table Eggs	Apr 4, '86	500 million
20.	Iraq Dairy Cattle	Apr 4, '86	6,500 head
19.	Jordan Wheat	Mar 19, '86	75,000 COMPLETE
		June 24, '86	75,000 COMPLETE
18.	Tunisia Wheat	Mar 18, '86	300,000 Sold 250,000
17.	Algeria Wheat Flour	Feb 25, '86	100,000
16.	Algeria Semolina	Feb 11, '86	250,000
15.	Philippines Wheat	Jan 7, '86	150,000 COMPLETE (152,400)
14.	Zaire Wheat	Dec 27, '85	40,000 COMPLETE
		May 15, '86	40,000 COMPLETE
13.	Nigeria Barley Malt	Dec 10, '85	100,000 Sold 4,400
12.	Iraq Wheat Flour	Dec 9, '85	150,000 Sold 75,000
11.	Egypt Poultry	Nov 26, '85	8,000 COMPLETE
		Mar 21, '86	15,000 COMPLETE
		June 18, '86	5,000 COMPLETE
		July 8, '86	15,000
10.	Zaire Wheat Flour	Nov 18, '85	64,000 COMPLETE
		May 15, '86	30,000 Sold 15,000
9.	Philippines Wheat Flour	Nov 15, '85	100,000 Sold 50,000
8.	Jordan Rice	Nov 8, '85	40,000 Sold 22,700

7. Turkey Wheat	Oct 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	
6. Morocco Wheat	Sept 30, '85	1,500,000	Sold 890,000
5. Yemen Wheat	Sept 6, '85	100,000	Sold 50,000
4. Yemen Wheat Flour	Aug 20, '85	50,000	Sold 31,500
	Apr 14, '86	100,000	
3. Egypt Wheat	Jul 26, '85	500,000	COMPLETE
	Oct 30, '85	500,000	COMPLETE (512,500)
	June 20, '86	500,000	COMPLETE
	July 29, '86	52,000	Sold 29,000
2. Egypt Wheat Flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria Wheat	Jun 4, '85	1,000,000	COMPLETE
	Apr 10, '86	1,000,000	

EXPORT ENHANCEMENT PROGRAM SUMMARY

Announced to Date	16,977,780 (grain equivalent) 544 million table eggs 43,000 tons frozen poultry 41,000 head dairy cattle 25,000 tons vegetable oil
Sold to Date	5,010,500 wheat 1,144,635 flour (grain equivalent) 505,200 barley 28,000 frozen poultry 22,700 rice 5,980 barley malt (grain equivalent) 150 head dairy cattle
Bonus	2,448,300 tons at a book value of $337.9 million

TARGETED EXPORT PROMOTION PROGRAM

The status of USDA's Targeted Export Promotion Program as of Aug. 27, 1986, was as follows with value in dollars:

DATE ANNOUNCED	COMMODITY	VALUE	COUNTRY
Aug. 12, 1986	Canned Peaches, Fruit Cocktail	$5.1 million	Pacific Rim & Middle East
Aug. 8, 1986	Feed Grains	$2.1 million	To be announced
July 28, 1986	Dry Peas & Lentils	$2.5 million	EC, Colombia, India
July 25, 1986	Table Grapes	$0.35 million	Western Europe, Australia, Panama, Japan, Taiwan, Singapore, Malaysia

July 18, 1986	Washington State Apples	$1.4 million	United Kingdom, Taiwan, Malaysia, Hong Kong, Norway, Saudi Arabia
July 17, 1986	Wood Products	$0.6 million 1/	United Kingdom
July 16, 1986	Wheat	$1.1 million	Developing countries
July 14, 1986	Poultry & Eggs	$6 million	Pacific Rim, Middle East countries
June 24, 1986	Feed Grains, Soybean Meal & Dairy Cattle	$9 million over 3 years	Algeria
June 23, 1986	Fresh & Processed Florida Citrus	$4.6 million	Western Europe & Pacific Rim
May 20, 1986	Dried Prunes	$4 million	Western Europe
April 30, 1986	Wood	$1.95 million (over 3 years)	Japan
April 28, 1986	Wine	$2.3 million	Japan, United Kingdom, Hong Kong, Singapore
April 25, 1986	Almonds		Western Europe, Japan, Korea
April 17, 1986	Canned Peaches, Fruit Cocktail	$2.5 million	Japan, Taiwan
April 16, 1986	Walnuts	$9 million 2/	Western Europe, Japan
April 16, 1986	Raisins	$6.3 million	Western Europe, Pacific Rim
April 14, 1986	Fresh and Processed Citrus produced in Arizona and California		Japan, Hong Kong, Singapore, Malaysia
March 27, 1986	Frozen Potatoes	$2 million	Japan, Hong Kong Taiwan, Malaysia Singapore
	Total:	$69.60 million	

1/ Part of April 30, 1986, wood TEA amount. Not included in total.
2/ Includes additional $2 million announced Aug. 1, 1986.

Selected International Prices

Item	Aug. 26, 1986		Change from a week ago	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	158.00
U.S. No. 2 DNS/NS: 14%....	122.50	3.33	-2.00	148.00
U.S. No. 2 S.R.W.	120.00	3.27	-4.00	127.00
U.S. No. 3 H.A.D.....	122.00	3.32	-2.00	162.00
Canadian No. 1 A: Durum...	N.Q.	--	--	N.Q.
Feed grains:				
U.S. No. 3 Yellow Corn....	84.00	2.13	-3.00	117.00
Soybeans and meal:				
U.S. No. 2 Yellow.....	N.Q.	--	--	206.50
Brazil 47/48% SoyaPellets	197.00	--	+2.00	156.00
U.S. 44% Soybean Meal....	198.00	--	+13.00	148.50
U.S. FARM PRICES 3/				
Wheat.....	78.62	2.14	-1.47	102.87
Barley.....	46.85	1.02	+1.38	58.79
Corn.....	61.02	1.55	-4.33	94.88
Sorghum.....	56.44	2.56	-1.76	88.18
Broilers.....	1317.03	--	-191.58	1174.17
EC IMPORT LEVIES				
Wheat 5/.....	170.75	4.65	+2.05	87.90
Barley.....	109.45	3.69	-.30	89.90
Corn.....	178.60	4.54	+4.20	71.70
Sorghum.....	185.22	4.03	+2.15	93.00
Broilers 4/ 6/ 8/.....	N.Q.	--	N.Q.	N.Q.
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	180.00	4.90	+1.25	146.95
Bread wheat (min. quality)	189.20	5.15	+1.35	157.10
Maize.....	189.20	4.81	+1.35	146.95
Barley and all other feed grains.....	180.00	--	+1.25	146.95
Broilers 4/ 6/.....	N.Q.	--	N.Q.	N.Q.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	33.15
Barley.....	118.90	2.59	+6.35	48.55
Broilers 4/ 6/ 8/.....	N.Q.	--	N.Q.	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. N.A.=None authorized. N.Q.=Not quoted. Note: Basis Sept. delivery.

*U.S. GOVERNMENT PRINTING OFFICE:1986-490-916:40563/FAS

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